Laingsburg Local Municipality
Annual Financial Statements
for the year ended 30 June 2017

General Information

Legal form of entity	Local Municipality
Demarcation code	WC051
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community, excluding the following; Housing Services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste Management Services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality; and Water Services - Supplying water to the public.
Mayoral Committee	
Executive Mayor	Hon. Marthinus A
Deputy Executive Mayor	Cllr. Brown I
Speaker	Hon. Gouws M
Councillors	Cllr. Kleinbooi B
	Cllr. Potgieter L
	Cllr. Theron W du P
	Cllr. Van As B
Grading of local authority	Grade 1
Capacity of local authority	Medium
Accounting Officer	Mr. Pieterse S (Acting)
Chief Financial Officer (CFO)	Ms. Groenewald A
Registered office	2 Van Riebeeck Street Laingsburg 6900
Business address	2 Van Riebeeck Street Laingsburg 6900
Postal address	Private Bag X4 Laingsburg 6900
Bankers	ABSA Bank Standard Bank
Auditors	Auditor General of South Africa
Attorneys	Blyth & Coetzee Attorneys Davids Attorneys De Vries, De Wet & Krouwkam Attorneys

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The reports and statements set out below comprise the annual financial statements presented to the council:

The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendixes:

Appendix A: Appropriation Statement

Appendix B: Analysis of Property, Plant and Equipment

Abbreviations

GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation the annual financial statements and related information.

The annual financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practise (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of the Municipal Finance Management Act.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The annual financial statements set out on pages 4 to 87, which have been prepared on the going concern basis, were approved by the on 31 August 2017 and were signed on its behalf by:

Accounting Officer
S Pieterse (Acting)

31 August 2017

Report of the Auditor-General

1.

Statement of Financial Position as at 30 June 2017

	Note(s)	2017	2016
Assets			
Current Assets			
Cash and cash equivalents	3	2,298,909	9,964,155
Receivables from exchange transactions	4	1,897,166	1,497,018
Receivables from non-exchange transactions	5	919,080	5,079,592
VAT receivable	6	3,557,782	3,628,772
Operating lease asset	7	-	2,697
Inventories	8	1,377,966	1,596,544
Current portion of long term receivables from exchange transactions	9	763	349
		10,051,666	**21,769,127**
Non-Current Assets			
Investment property	10	4,272,545	4,391,868
Property, plant and equipment	11	159,770,931	156,108,521
Intangible assets	12	521,651	639,982
Heritage assets	13	43,354	43,354
		164,608,481	**161,183,725**
Total Assets		**174,660,147**	**182,952,852**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	4,850,231	4,391,774
Consumer deposits	15	484,975	437,071
Unspent conditional grants and receipts	16	2,943,938	9,678,448
Provisions	17	540,381	402,181
Employee benefit obligation	18	204,744	212,452
		9,024,269	**15,121,926**
Non-Current Liabilities			
Provisions	17	4,947,139	2,854,413
Employee benefit obligation	18	3,902,951	3,343,175
		8,850,090	**6,197,588**
Total Liabilities		**17,874,359**	**21,319,514**
Net Assets		**156,785,788**	**161,633,338**
Accumulated surplus	43	156,785,788	161,633,338

* See Note 47

Statement of Financial Performance

	Note(s)	2017	2016
Revenue			
Revenue from exchange transactions			
Service charges	19	16,872,724	15,257,887
Interest on bank accounts	20	817,970	1,270,010
Interest on outstanding debtors		47,959	159,379
Rental income	21	1,271,479	1,107,697
Licences and permits		175,583	196,698
Agency services		127,163	142,351
Other income	22	200,583	397,318
Total revenue from exchange transactions		**19,513,461**	**18,531,340**
Revenue from non-exchange transactions			
Property rates	23	3,257,680	2,934,403
Property rates - penalties imposed	23	313,389	194,929
Transfer revenue			
Government grants and subsidies	24	29,699,043	47,686,583
Fines, penalties and forfeits	25	22,198,191	19,962,610
Total revenue from non-exchange transactions		**55,468,303**	**70,778,525**
Total revenue		**74,981,764**	**89,309,865**
Expenditure			
Employee related costs	26	(19,110,600)	(15,022,408)
Remuneration of councillors	27	(2,650,914)	(2,518,028)
Debt impairment	28	(21,334,903)	(14,310,946)
Depreciation and amortisation	29	(7,684,675)	(7,750,297)
Impairment loss / Reversal of impairment loss	30	-	171,617
Finance costs	31	(207,343)	(164,313)
Bulk purchases	32	(8,154,729)	(7,487,051)
Contracted services	33	-	(9,590)
Grants and subsidies	34	(2,015,506)	(32,405,416)
Repairs and maintenance		(2,103,781)	(2,487,729)
General expenses	35	(16,248,816)	(19,074,349)
Library lease		(76,155)	(75,240)
Collection costs		(204,798)	(258,800)
Total expenditure		**(79,792,220)**	**(101,392,550)**
Operating deficit		**(4,810,456)**	**(12,082,685)**
Loss on disposal of assets and liabilities		(37,097)	(6,936)
Deficit for the year		**(4,847,553)**	**(12,089,621)**

* See Note 47

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Opening balance as previously reported	173,808,168	173,808,168
Adjustments		
Correction of errors	(85,209)	(85,209)
Balance at 01 July 2015 as restated*	**173,722,959**	**173,722,959**
Changes in net assets		
Deficit for the year	(12,089,621)	(12,089,621)
Total changes	(12,089,621)	(12,089,621)
Restated* Balance at 01 July 2016	**161,633,341**	**161,633,341**
Changes in net assets		
Deficit for the year	(4,847,553)	(4,847,553)
Total changes	(4,847,553)	(4,847,553)
Balance at 30 June 2017	**156,785,788**	**156,785,788**

Note 44

* See Note 47

Cash Flow Statement

	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Sale of goods and services		26,244,787	38,958,925
Grants		22,964,533	51,561,520
Interest income		865,929	1,429,389
Other receipts		1,774,808	1,844,064
		51,850,057	93,793,898
Payments			
Cash paid to employees		(21,209,446)	(18,162,722)
Cash paid to suppliers		(29,281,334)	(60,676,715)
		(50,490,780)	(78,839,437)
Net cash flows from operating activities	37	**1,359,277**	**1,282,449**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(8,987,430)	(5,910,293)
Loss on disposal of property, plant and equipment	11	(37,097)	-
Intangables - additions	10	-	(166,368)
Net cash flows from investing activities		**(9,024,527)**	**(6,076,661)**
Net increase/(decrease) in cash and cash equivalents		**(7,665,247)**	**(4,794,212)**
Cash and cash equivalents at the beginning of the year		9,964,156	14,758,367
Cash and cash equivalents at the end of the year	3	**2,298,909**	**9,964,155**

* See Note 47

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	16,552,200	(397,700)	**16,154,500**	16,872,724	**718,224**	
Interest received - Bank accounts	906,100	(73,000)	**833,100**	817,970	**(15,130)**	
Interest received - Outstanding debtors	213,200	(203,200)	**10,000**	47,959	**37,959**	
Rental income	812,000	265,900	**1,077,900**	1,271,479	**193,579**	
Licences and permits	148,500	25,300	**173,800**	175,583	**1,783**	
Agency services	106,600	-	**106,600**	127,163	**20,563**	
Other income	210,600	(15,700)	**194,900**	200,583	**5,683**	
Total revenue from exchange transactions	**18,949,200**	**(398,400)**	**18,550,800**	**19,513,461**	**962,661**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	3,869,900	(588,500)	**3,281,400**	3,257,680	**(23,720)**	
Property rates - penalties imposed	134,100	85,900	**220,000**	313,389	**93,389**	
Transfer revenue						
Government grants and subsidies	26,904,300	4,897,865	**31,802,165**	29,699,043	**(2,103,122)**	
Fines, penalties and forfeits	36,736,800	(914,200)	**35,822,600**	22,198,191	**(13,624,409)**	
Total revenue from non-exchange transactions	**67,645,100**	**3,481,065**	**71,126,165**	**55,468,303**	**(15,657,862)**	
Total revenue	**86,594,300**	**3,082,665**	**89,676,965**	**74,981,764**	**(14,695,201)**	
Expenditure						
Employee related costs	(20,643,500)	135,300	**(20,508,200)**	(19,110,600)	**1,397,600**	
Remuneration of councillors	(2,827,200)	(13,500)	**(2,840,700)**	(2,650,914)	**189,786**	
Debt impairment	(25,424,400)	173,000	**(25,251,400)**	(21,334,903)	**3,916,497**	
Depreciation and amortisation	(8,904,300)	(159,000)	**(9,063,300)**	(7,684,675)	**1,378,625**	
Finance costs	(7,500)	-	**(7,500)**	(207,343)	**(199,843)**	
Operating lease	(14,500)	-	**(14,500)**	(76,155)	**(61,655)**	
Collection costs	(344,900)	-	**(344,900)**	(204,798)	**140,102**	
Repairs and maintenance	(3,191,300)	(10,500)	**(3,201,800)**	(2,103,781)	**1,098,019**	
Bulk purchases	(8,713,100)	1,213,100	**(7,500,000)**	(8,154,729)	**(654,729)**	
Contracted services	(81,100)	-	**(81,100)**	-	**81,100**	
Grants and subsidies paid	(2,662,700)	-	**(2,662,700)**	(2,015,506)	**647,194**	
General expenses	(22,523,800)	(2,863,624)	**(25,387,424)**	(16,248,816)	**9,138,608**	
Total expenditure	**(95,338,300)**	**(1,525,224)**	**(96,863,524)**	**(79,792,220)**	**17,071,304**	
Operating deficit	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**(4,810,456)**	**2,376,103**	
Loss on disposal of assets and liabilities	-	-	-	(37,097)	**(37,097)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Deficit before taxation	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**(4,847,553)**	**2,339,006**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**(4,847,553)**	**2,339,006**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Statement of Financial Position						
Assets						
Current Assets						
Inventories	2,160,000	-	2,160,000	1,377,966	(782,034)	
Receivables from non-exchange transactions	1,770,000	-	1,770,000	919,080	(850,920)	
VAT receivable	-	-	-	3,557,782	3,557,782	
Receivables from exchange transactions	7,040,000	-	7,040,000	1,897,929	(5,142,071)	
Cash and cash equivalents	3,757,000	-	3,757,000	2,298,909	(1,458,091)	
	14,727,000	**-**	**14,727,000**	**10,051,666**	**(4,675,334)**	
Non-Current Assets						
Investment property	7,564,000	-	7,564,000	4,272,545	(3,291,455)	
Property, plant and equipment	169,263,000	(3,138,000)	166,125,000	159,770,931	(6,354,069)	
Intangible assets	472,000	-	472,000	521,651	49,651	
Heritage assets	119,000	-	119,000	43,354	(75,646)	
	177,418,000	**(3,138,000)**	**174,280,000**	**164,608,481**	**(9,671,519)**	
Total Assets	**192,145,000**	**(3,138,000)**	**189,007,000**	**174,660,147**	**(14,346,853)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	5,245,000	-	5,245,000	4,850,231	(394,769)	
Consumer deposits	337,000	-	337,000	484,975	147,975	
Employee benefit obligation	-	-	-	204,744	204,744	
Unspent conditional grants and receipts	-	-	-	2,943,938	2,943,938	
Provisions	393,000	-	393,000	540,381	147,381	
	5,975,000	**-**	**5,975,000**	**9,024,269**	**3,049,269**	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	3,902,951	3,902,951	
Provisions	8,905,000	-	8,905,000	4,947,139	(3,957,861)	
	8,905,000	**-**	**8,905,000**	**8,850,090**	**(54,910)**	
Total Liabilities	**14,880,000**	**-**	**14,880,000**	**17,874,359**	**2,994,359**	
Net Assets	**177,265,000**	**(3,138,000)**	**174,127,000**	**156,785,788**	**(17,341,212)**	
Net Assets						
Reserves						
Accumulated surplus	177,265,000	(3,138,000)	174,127,000	156,785,788	(17,341,212)	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Appendix G)
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	3,604,000	-	3,604,000	-	(3,604,000)	1.6&1.7
Service charges	17,002,000	-	17,002,000	-	(17,002,000)	
Other revenue	13,055,000	-	13,055,000	-	(13,055,000)	
Grants	24,952,000	-	24,952,000	-	(24,952,000)	1.18
Interest income	1,120,000	-	1,120,000	-	(1,120,000)	
	59,733,000	-	59,733,000	-	(59,733,000)	
Payments						
Suppliers and employees	(55,858,000)	-	(55,858,000)	-	55,858,000	1.10-1.19
Finance costs	(4,000)	-	(4,000)	-	4,000	
Transfers and grants	(628,000)	-	(628,000)	-	628,000	1.18
	(56,490,000)	-	(56,490,000)	-	56,490,000	
Net cash flows from operating activities	3,243,000	-	3,243,000	-	(3,243,000)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(14,703,000)	-	(14,703,000)	-	14,703,000	1.25
Cash flows from financing activities						
Increase in consumer deposits	24,000	-	24,000	-	(24,000)	
Net increase/(decrease) in cash and cash equivalents	(11,436,000)	-	(11,436,000)	-	11,436,000	
Cash and cash equivalents at the beginning of the year	15,193,000	-	15,193,000	14,758,371	(434,629)	
Cash and cash equivalents at the end of the year	3,757,000	-	3,757,000	14,758,371	11,001,371	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Allowance for slow moving, damaged and obsolete stock

An assessment is made of net realisable value at the end of each reporting period. A write down of inventory to the lower of cost or net realisable value is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus or deficit.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the recoverable amount assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest rates.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

Post retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement and longterm benefit obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 18.

Effective interest rate

The municipality uses the prime interest rate to discount future cash flows.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Allowance for impairment of financial assets

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- Property that is owner-occupied, for example, a building that is occupied by the entity for administrative purposes or to supply goods and services
- Property, i.e. housing, rented to employees, regardless of whether the rent is market related or not; and
- Property held to provide a social service and which also generates cash inflows, for example, an entity rents out one of its properties (buildings) to other parties on an ad-hoc basis. The rental revenue received is incidental to the purpose for which the property is held; therefore it is treated as property, plant and equipment and not investment property. .

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 50).

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	20-30 years
Property - land	indefinite

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1.3 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 50).

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially recognised at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item is not measured at fair value, it's cost is measured at the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value the deprreciation charge for each period is recognised in surplus of deficit.

The useful lives of items of property, plant and equipment have been assessed as follows:

1.4 Investment property (continued)

Item	Average useful life
Land	Indefinite
Buildings	7 - 100 years
Furniture and fixtures	1 - 20 years
Motor vehicles	1 - 6 years
Community assets	15 - 100 years
Housing schemes	1 - 10 years
Refuse site	30 years
Infrastructure	
• Electricity supply	45 - 60 years
• Roads	7 - 100 years
• Sanitation and refuse	5 - 80 years
• Water supply	5 - 80 years
• Storm water	5 - 50 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

Assets of the municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore certain items of property, plant and equipment. Such obligations are referred to as 'decommissioning, rehabilitation and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of non-cash-generating assets.

1.6 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value can be measured reliably.

Intangible assets are initially measured at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets to their estimated residual values. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives if items of intangible assets have been assessed as follows:

Item	Useful life
Computer software	3 - 5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets are included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality recognises heritage assets as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value can be measured reliably.

When the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information of such heritage asset is disclosed in note 13 - Heritage assets.

Heritage assets are initially measured at cost.

When a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Accounting Policies

1.7 Heritage assets (continued)

Subsequent to initial measurement classes of heritage assets are carried at cost less any accumulated impairment losses.

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

The municipality derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its used or disposal.

The gain or loss arising from the derecognition of a heritage asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 50).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Long-term receivables from exchange transactions	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

1.8 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the municipality assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rent are expensed in the period in which they are incurred.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.12 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow: Cash-generating assets are assets that are held with the primary objective of generating a commercial return. Assets will generate a commercial return when the municipality intends to generate positive cash flow from the assets similar to a profit-orientate identiy and not held primary for service delivery.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset is initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

1.12 Impairment of cash-generating assets (continued)

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow: Cash-generating assets are assets that are held with the primary objective of generating a commercial return. Assets will generate a commercial return when the entity intends to generate positive cash flow from the assets similar to a profitorientatedentiry and not held primary for service delivery.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

1.13 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Accounting Policies

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, are accounted for as follows:

where the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

Sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.15 Employee benefits (continued)

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost;

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

1.15 Employee benefits (continued)

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- actuarial gains and losses, which is recognised immediately;

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.15 Employee benefits (continued)

1.16 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled and such charges are levied in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers), which ever is applicable.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent;
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation;
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied) and

1.16 Statutory receivables (continued)

- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the receivable; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.17 Revenue from exchange transactions

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.17 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.18 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.18 Revenue from non-exchange transactions (continued)

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

1.18 Revenue from non-exchange transactions (continued)

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists in the statement of financial performance recognises revenue as and when it satisfies the conditions of the loan agreement.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.25 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.26 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events given raise to the transfer occurred.

1.27 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

1.28 Related parties

A related party is a person or an entity with the ability to control or jointly control the municipality, or exercise significant influence over the municpality, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Accounting Policies

1.29 Events after reporting date (continued)

The municipality discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 16 (as revised 2015) Investment Property

Amendments made to the standard are:
- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 17 (as revised 2015) Property, Plant and Equipment

Amendments made to the standard are:
- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- Additional text

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecogntion of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date.

The impact of this interpretation is currently being assessed.

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 31 (as amended 2016): Intangible Assets

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

	2017	2016

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash on hand	2,050	2,050
Bank balances	451,434	1,342,657
Short-term deposits	1,845,425	8,619,448
	2,298,909	**9,964,155**

For the purposes of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand.

Call deposits are investments with a maturity period of less than three months and earn interest at rates varying from 4-6 % per annum. Deposits of R4 770 303 (2016: R1 770 303) are ring fenced and attributable to the Capital Replacement Reserve. (Note 44). ,

The municipality has an ABSA account for fine receipts which are sweeped daily and transferred to the current account. The ABSA bank account number is 4074336029 and has a zero balance per the cash book and the bank account.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA Laingsburg - Current Account - 25040140874	571,975	1,416,546	6,744,322	451,434	1,342,657	6,595,766
ABSA Laingsburg - Call Account - 5064314329	1,087,257	3,566,402	3,395,627	1,487,257	3,566,402	3,395,626
Standard Bank - Money Market - 288704800	362,713	5,053,046	4,764,928	362,713	5,053,046	4,764,929
Standard Bank - Current Account - 203247663000	3,856,017	-	-	-	-	-
Standard Bank - Sweeping Account - 203247671000	(4,545)	-	-	(4,545)	-	-
Total	**5,873,417**	**10,035,994**	**14,904,877**	**2,296,859**	**9,962,105**	**14,756,321**

	2017	2016

4. Receivables from exchange transactions

	2017	2016
Gross balances		
Electricity	1,242,997	948,908
Water	671,190	559,994
Sewerage	753,362	613,562
Refuse	355,892	294,369
Housing rental	505,016	461,823
	3,528,457	**2,878,656**
Less: Allowance for impairment		
Electricity	(279,199)	(200,673)
Water	(382,830)	(321,731)
Sewerage	(470,222)	(388,709)
Refuse	(149,945)	(122,143)
Housing rental	(349,095)	(348,382)
	(1,631,291)	**(1,381,638)**
Net balance		
Electricity	963,798	748,235
Water	288,360	238,263
Sewerage	283,140	224,853
Refuse	205,947	172,226
Housing rental	155,921	113,441
	1,897,166	**1,497,018**
Electricity		
Current (0 -30 days)	726,908	590,086
31 - 60 days	28,203	114,568
61 - 90 days	109,646	16,877
91 - 120 days	43,178	21,149
>120 days	335,062	206,228
Less: Allowance for impairment	(279,199)	(200,673)
	963,798	**748,235**
Water		
Current (0 -30 days)	119,503	108,570
31 - 60 days	26,493	21,150
61 - 90 days	37,687	37,111
91 - 120 days	25,511	29,244
>120 days	461,996	363,919
Less: Allowance for impairment	(382,830)	(321,731)
	288,360	**238,263**
Sewerage		
Current (0 -30 days)	105,448	105,022
31 - 60 days	31,280	23,185
61 - 90 days	37,112	40,054
91 - 120 days	28,679	23,247
>120 days	550,843	422,054
Less: Allowance for impairment	(470,222)	(388,709)
	283,140	**224,853**

	2017	2016

4. Receivables from exchange transactions (continued)

Refuse

Current (0 -30 days)	86,149	92,280
31 - 60 days	20,198	18,444
61 - 90 days	22,964	21,454
91 - 120 days	18,405	18,241
>120 days	208,176	143,950
Less: Allowance for impairment	(149,945)	(122,143)
	205,947	**172,226**

Housing rental

Current (0 -30 days)	54,025	46,144
31 - 60 days	24,200	13,438
61 - 90 days	18,365	14,686
91 - 120 days	14,988	20,178
> 120 days	393,438	367,376
Less: Allowance for impairment	(349,095)	(348,381)
	155,921	**113,441**

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	255,315	366,926
31 - 60 days	82,877	56,960
61 - 90 days	84,562	81,563
91 - 120 days	71,075	74,720
>120 days	1,349,045	1,153,580
Less: Allowance for impairment	(1,198,550)	(945,708)
	644,324	**788,041**

Businesses

Current (0 -30 days)	577,581	453,402
31 - 60 days	27,741	7,148
61 - 90 days	59,511	24,798
91 - 120 days	9,339	11,462
>120 days	35,110	9,281
Less: Allowance for impairment	(25,107)	(8,369)
	684,175	**497,722**

Industry

Current (0 -30 days)	2,871	2,652
31 - 60 days	-	-
	2,871	**2,652**

Municipal

Current (0 -30 days)	18,274	1,425
31 - 60 days	620	424
61 - 90 days	270	205
91 - 120 days	15	200
>120 days	177	144
Less: Allowance for impairment	(206)	(544)
	19,150	**1,854**

	2017	2016
4. Receivables from exchange transactions (continued)		
Government		
Current (0 -30 days)	16,007	26,738
31 - 60 days	14,135	115,907
61 - 90 days	63,803	19,954
91 - 120 days	32,596	23,589
>120 days	278,120	265,274
Less: Allowance for impairment	(211,620)	(241,225)
	193,041	**210,237**
Institutions		
Current (0 -30 days)	68,109	77,583
31 - 60 days	2,148	1,089
61 - 90 days	10,508	-
91 - 120 days	1,648	1,089
>120 days	44,082	8,612
Less: Allowance for impairment	(43,029)	(8,558)
	83,466	**79,815**
Churches		
Current (0 -30 days)	14,809	10,473
>120 days	7,946	39,423
Less: Allowance for impairment	(9,494)	(41,195)
	13,261	**8,701**
Municipal Officials		
Current (0 -30 days)	-	932
31 - 60 days	-	311
61 - 90 days	-	621
91 - 120 days	-	311
>120 days	-	2,300
Less: Allowance for impairment	-	(1,173)
	-	**3,302**
Councillors		
Current (0 -30 days)	3,103	-
31 - 60 days	1,643	-
61 - 90 days	-	-
>120 days	-	2,747
Less: Allowance for impairment	-	(2,747)
	4,746	**-**
Vacant Land		
Current (0 -30 days)	2,138	1,969
31 - 60 days	1,612	-
61 - 90 days	1,612	-
91 - 120 days	1,612	-
>120 days	64,944	-
Less: Allowance for impairment	(74,452)	-
	(2,534)	**1,969**

	2017	2016

4. **Receivables from exchange transactions (continued)**

Reconciliation of allowance for impairment

Balance at beginning of the year	(1,381,639)	(2,721,996)
Debt impairment written off against allowance	(249,652)	1,058,265
Reversal of allowance	-	282,093
	(1,631,291)	**(1,381,638)**

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions past due but not impaired

As at 30 June 2017, receivables from exchange transactions of R255,370 (2016: R 37,973) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	51,169	11,965
2 months past due	117,110	12,075
3 months past due	87,091	13,933

Receivables from exchange transactions impaired

As at 30 June 2017, receivables from exchange transactions were impaired by R1,631,291 as of 30 June 2017 (2016: R1,381,638).

The ageing of these receivables is as follows:

0 to 3 months	32,485	41,674
3 to 6 months	13,076	15,343
Over 6 months	1,585,730	1,324,621

	2017	2016

5. Receivables from non-exchange transactions

	2017	2016
Assessment rates	2,467,742	3,059,304
Fines	17,422,226	36,028,492
Prepaid expense	-	68,570
Sundry deposits	39,386	37,920
Sundry receivables	(40,602)	385,508
Less: Allowance for impairment	(18,969,672)	(34,500,202)
	919,080	**5,079,592**

Assessment rates: Gross balance

	2017	2016
Current	27,772	-
31 - 60 days	21,184	24,816
61 - 90 days	23,666	23,305
91 - 120 days	19,952	22,504
> 120 days	2,375,318	2,988,679
	2,467,892	**3,059,304**

Assessment rates: Allowance for impairment

	2017	2016
Current	(22,125)	-
31 - 60 days	(5,692)	(4,829)
61 - 90 days	(6,794)	(4,545)
91 - 120 days	(5,008)	(3,911)
> 120 days	(2,294,174)	(2,957,806)
	(2,333,793)	**(2,971,091)**

Assessment rates: Net balance

	2017	2016
Current	5,647	-
31 - 60 days	15,492	19,987
61 - 90 days	16,872	18,761
91 - 120 days	14,944	18,592
> 120 days	81,144	30,873
	134,099	**88,213**

Fines: Gross balance

	2017	2016
Total fine debtors	17,422,226	36,028,492

Fines: Allowance for impairment

	2017	2016
Total allowance for impairment of fines	(15,361,282)	(31,529,110)

Fines: Net balance

	2017	2016
Total net fine debtors	2,052,444	4,499,382

Impairment of fines

Impairment of fines is based on a percentage of the amounts that were recovered in the prior financial year in relation to the fines that were issued.

Fines are written off after a 24 month period after summons was issued.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2017	2016

5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired: Assessment rates

At 30 June 2017, receivables from non-exchange transactions amounting to R 13,457 (2016: R 25,800) were past due but not considered to be impaired.

The ageing of amounts past due but not impaired are as follows:

	2017	2016
1 month past due	4,141	7,298
2 months past due	4,490	6,410
3 months past due	4,826	12,092
	13,457	**25,800**

Receivables from non-exchange transactions impaired: Assessment rates

The amount of the allowance for impairment was R 2,333,792 as of 30 June 2017 (2016: R 2,971,091).

The ageing of these receivables are as follows:

	2017	2016
0 to 3 months	39,619	13,285
3 to 6 months	26,421	23,817
Over 6 months	2,267,752	2,933,989
	2,333,792	**2,971,091**

Reconciliation of allowance for impairment

	2017	2016
Opening balance	(34,500,202)	(33,395,748)
Contribution to assessment rates	83,877	(423,155)
Contribution to other debtors	9,393	(49,270)
Contribution to fines	(15,361,282)	(12,029,587)
Reversal of impairment on fines	30,847,812	11,348,288
	(18,920,402)	**(34,500,202)**

6. VAT receivable

	2017	2016
VAT	3,557,782	3,628,772

The municipality is registered for VAT on the payment basis.

	2017	2016

7. Operating lease asset

Opening balance	2,697	9,373
Operating lease receipts effected	(2,697)	(6,676)
	-	**2,697**

Operating lease as lessor
Minimum lease payments receivable

within one year	-	92,065
in second to fifth year inclusive	-	31,183
	-	**123,248**

Non-current assets	-	-
Current assets	-	2,697
	-	**2,697**

The operating lease on the Soutkloof farm was extended on for one year from 1 November 2016 to 31 October 2017.

The rent escalates with 5% per annum on 1 November.

The rent is receivable in advance each year on 1 November for the following 12 months.

8. Inventories

Building materials	118,941	160,177
Electric cable	150,140	273,946
Consumable stock	707,389	667,706
Pre-paid electricity meters	13,388	18,743
Pre-paid water meters	360,405	60,943
Water	19,600	9,357
RDP houses	-	332,748
VIP toilets	8,103	72,924
	1,377,966	**1,596,544**

Inventory pledged as security

No inventory was pledged as security.

9. Current portion of long term receivables from exchange transactions

Housing - Self build		
Housing - Self build	13,350	12,260
Less: Allowance for impairment		
Less: Allowance for impairment	(12,587)	(11,911)
Net balance		
Current portion transferred to current liabilities	763	349

As from 1 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

	2017	2016

9. Current portion of long term receivables from exchange transactions (continued)

Housing - Self build: Gross balance

	2017	2016
Current	275	276
31 - 60 days	79	79
61 - 90 days	221	79
91 - 120 days	85	219
> 120 days	12,690	11,607
	13,350	**12,260**

Housing - Self build: Allowance for impairment

	2017	2016
Current	(56)	(135)
31 - 60 days	-	(79)
61 - 90 days	-	(79)
91 - 120 days	-	(79)
> 120 days	(12,531)	(11,539)
	(12,587)	**(11,911)**

Housing - Self build: Net balances

	2017	2016
Current	219	140
31 - 60 days	79	-
61 - 90 days	221	-
91 - 120 days	85	140
> 120 days	158	69
	762	**349**

Reconciliation of allowance for impairment

	2017	2016
Opening balance	(11,911)	(11,591)
Impairment - current year	(676)	(320)
	(12,587)	**(11,911)**

10. Investment property

	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,403,401	(5,130,856)	4,272,545	9,403,401	(5,011,533)	4,391,868

Reconciliation of investment property - 2017

	Opening balance	Depreciation	Total
Investment property	4,391,868	(119,323)	4,272,545

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	4,511,190	(119,322)	4,391,868

	2017	2016

10. Investment property (continued)

Details of investment property

None of the above investment property have been pledged as security.

	2017	2016
- Land	4,033,901	4,033,901
- Buildings	5,369,500	5,369,500
- Accumulated depreciation on buildings	(5,130,856)	(5,011,533)

A register containing the information required by section 63 of the Municipal Finance Management Act is Available for inspection at the registered office of the municipality.

Other disclosures

Investment property rental

	2017	2016
Rental revenue from investment property	926,917	840,252
Direct operating expenses - incurred to generate rental revenue	(166,645)	(314,910)
	760,272	**525,342**

Expenditure to repairs and maintenance - Investment property 2017

	Contacted services	Labour	Material	Total
Buildings	236,331	24,275	41,336	301,942

Expenditure to repairs and maintenance - Investment property 2016

	Contracted services	Material	Labour	Total
Buildings	156,073	-	106,758	262,831

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	37,843,716	-	37,843,716	37,843,716	-	37,843,716
Buildings	9,547,883	(7,309,026)	2,238,857	9,547,883	(7,093,178)	2,454,705
Furniture and equipment	5,689,678	(4,048,445)	1,641,233	5,449,098	(3,487,595)	1,961,503
Motor vehicles	4,184,792	(3,110,921)	1,073,871	4,184,792	(2,856,037)	1,328,755
Infrastructure	185,973,069	(105,696,674)	80,276,395	185,981,869	(100,287,759)	85,694,110
Community	22,101,182	(13,927,946)	8,173,236	22,101,182	(13,327,886)	8,773,296
Refuse site	5,780,930	(1,372,602)	4,408,328	3,882,304	(1,167,472)	2,714,832
Assets under construction	23,671,970	-	23,671,970	14,746,504	-	14,746,504
Housing schemes	2,955,500	(2,512,175)	443,325	2,955,500	(2,364,400)	591,100
Total	**297,748,720**	**(137,977,789)**	**159,770,931**	**286,692,848**	**(130,584,327)**	**156,108,521**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Written off	Change in restoraton cost	Depreciation	Total
Land	37,843,716	-	-	-	-	37,843,716
Buildings	2,454,705	-	-	-	(215,848)	2,238,857
Furniture and equipment	1,961,504	240,579	-	-	(560,850)	1,641,233
Motor vehicles	1,328,755	-	-	-	(254,884)	1,073,871
Infrastructure	85,694,110	59,039	(30,743)	-	(5,446,011)	80,276,395
Community	8,773,296	-	-	-	(600,059)	8,173,237
Refuse site	2,714,832	-	-	1,863,173	(169,677)	4,408,328
Assets under construction	14,746,504	8,925,466	-	-	-	23,671,970
Housing schemes	591,100	-	-	-	(147,775)	443,325
	156,108,522	**9,225,084**	**(30,743)**	**1,863,173**	**(7,395,104)**	**159,770,932**

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Written off	Transfers	Change in restoraton cost	Reclassification	Depreciation	Total
Land	37,843,716	-	-	-	-	-	-	37,843,716
Buildings	2,650,909	34,608	-	-	-	-	(230,812)	2,454,705
Furniture and equipment	2,340,669	102,583	-	-	-	(57,237)	(481,749)	1,904,266
Motor vehicles	911,404	636,735	(6,936)	-	-	-	(212,448)	1,328,755
Infrastructure	90,884,013	253,295	-	-	-	-	(5,443,198)	85,694,110
Community	9,370,931	20,341	-	-	-	57,237	(617,977)	8,830,532
Refuse site	4,221,726	-	-	-	(1,301,764)	-	(205,130)	2,714,832
Assets under construction	10,322,123	12,302,980	-	(7,878,600)	-	-	-	14,746,503
Housing schemes	738,875	-	-	-	-	-	(147,775)	591,100
	159,284,366	**13,350,542**	**(6,936)**	**(7,878,600)**	**(1,301,764)**	**-**	**(7,339,089)**	**156,108,519**

Pledged as security

None of the above property, plant and equipment have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

	2017	2016

11. Property, plant and equipment (continued)

Expenditure to repairs and maintenance - Propery, plant and equipment 2017

	Contracted services	Labour	Material	Total
Land	315	-	-	315
Buildings	33,950	1,800	20,261	56,011
Furniture and fittings	300,857	-	915	301,772
Infrastructure	762,474	12,426	18,713	793,613
Motor vehicles	458,510	-	165,743	624,253
Community	23,688	1,750	122	25,560
Refuse sites	315	-	-	315
	1,580,109	**15,976**	**205,754**	**1,801,839**

Expenditure to repairs and maintenance - Propery, plant and equipment 2016

	Contracted services	Labour	Material	Total
Buildings	11,521	-	52,325	63,846
Furniture and fittings	172,024	-	-	172,024
Motor vehicles	416,807	-	39,090	455,897
Infrastructure	1,320,494	33,721	52,257	1,406,472
Community	2,200	-	160	2,360
Refuse	123,994	-	304	124,298
	2,047,040	**33,721**	**144,136**	**2,224,897**

12. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,686,053	(1,164,402)	521,651	1,686,053	(1,046,071)	639,982

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Computer software	639,982	(118,331)	521,651

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	765,500	166,367	(291,885)	639,982

Pledged as security

None of the above intangible assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

	2017	2016

13. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Puplic statutes	43,354	-	43,354	43,354	-	43,354

Reconciliation of heritage assets 2017

	Opening balance	Total
Puplic statues	43,354	43,354

Reconciliation of heritage assets 2016

	Opening balance	Total
Puplic statues	43,354	43,354

Pledged as security

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

14. Payables from exchange transactions

	2017	2016
Accrued leave pay	1,069,485	1,046,111
Deposits received	66,040	59,429
Payments received in advance	29,699	29,699
Receivables in credit	1,023,185	358,211
Salary related amounts accrued	(252,526)	21,733
Thirteenth cheque	480,985	462,042
Trade payables	2,433,363	2,414,549
	4,850,231	**4,391,774**

15. Consumer deposits

	2017	2016
Electricity	287,970	239,716
Water	197,005	197,355
	484,975	**437,071**

	2017	2016

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Department Environmental Affairs and Tourism	82,106	82,106
Local Goverment graduate internership grant	48,811	-
Department of Water Affairs	336,146	575,883
Energy efficiency and demand side management grant	-	1,746,695
Flood damage	-	3,923,164
Human settlements acceleration grant	600,000	600,000
Local Government: Local Municipalities	112,140	112,140
Provincial: Financial Management Support Grant	594,735	1,047,124
Municipal Infrastructure Grant (MIG)	-	1,591,336
Municipal service delevery and capacity building	300,000	-
Provincial financial management capacity grant	120,000	-
Municipal electrical master plan	250,000	-
Municipal drought support grant	500,000	-
	2,943,938	**9,678,448**

Movement during the year

Balance at the beginning of the year	9,678,448	5,803,511
Additions during the year	22,842,769	51,561,521
Income recognised during the year	(29,577,279)	(47,686,584)
	2,943,938	**9,678,448**

See note 24 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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17. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation - landfill sites	2,854,413	188,559	194,100	1,710,067	4,947,139
Insurance Workman's Compensation Act	402,181	138,200	-	-	540,381
	3,256,594	**326,759**	**194,100**	**1,710,067**	**5,487,520**

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation - landfill sites	4,173,379	180,568	154,415	(1,653,949)	2,854,413
Insurance Workman's Compensation Act	291,081	111,100	-	-	402,181
	4,464,460	**291,668**	**154,415**	**(1,653,949)**	**3,256,594**

Non-current liabilities	4,947,139	2,854,413
Current liabilities	540,381	402,181
	5,487,520	**3,256,594**

Environmental rehabilitation provision - Landfill sites

At 30 June 2017 the municipality will incur estimated rehabilitation costs of R4,947,139 (2016: R 2 854 413) to restore the landfill site at the end of its useful life, estimated to be 16 years. The amount of rehabilitation is dependent on future costs, technology, inflation and site consumption. The discount rate of the provision was 4.0% (2016: 6.8%).

The financial implications of rehabilitating the landfill site was determined by the independent valuator, Ekolaw Consulting.

Insurance Workman's Compensation Act

The provision for WCA insurance is made in terms of the Workman's Compensation Act. The amount is payable upon and based on assessment by the Workman's Compensation Commissioner.

	2017	2016

17. Provisions (continued)

The provision is based on the Compensation Commissioner returns.

18. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit funding method.

The plan is post employment medical benefit plan.

Long service awards

A long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a retirement gift is payable on retirement to employees with service of 10 years or more. The provision is an estimate of the long service awards based on historical staff turnover, taking into account management's estimate of the likelihood that staff may leave before long service awards become due. No other long service benefits are provided to employees.

The amounts recognised in the statement of financial position are as follows:

	2017	2016
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(3,555,627)	(3,029,000)
Long service awards	(552,068)	(526,627)
	(4,107,695)	**(3,555,627)**
Non-current liabilities	(3,902,951)	(3,343,175)
Current liabilities	(204,744)	(212,452)
	(4,107,695)	**(3,555,627)**

Changes in the present value of the defined benefit obligation are as follows:

	2017	2016
Opening balance	3,029,000	3,877,000
Net expense recognised in the statement of financial performance	604,928	(848,000)
	3,633,928	**3,029,000**

Net expense of the defined benefit obligation recognised in the statement of financial performance

	2017	2016
Current service cost	120,000	383,000
Interest cost	302,000	368,000
Actuarial (gains) losses	120,464	(1,546,446)
Benefits paid	62,464	(52,554)
	604,928	**(848,000)**

	2017	2016

18. Employee benefit obligations (continued)

Key assumptions used

The municipality made use of an independent firm to perform the post retirement medical aid benefit plan. The key assumptions used by the experts are listed below for the last valuation on 30 June 2016:

Expected retirement age	63	63
Discount rates used	Yield curve	Yield curve
Expected increase in salaries	6.00 %	6.00 %
Health care cost inflation rate	Difference between nominal and yield curves	Difference between nominal and yield curves
Consumer price inflation	CPI + 1%	CPI + 1%
Net effective discount rate	Yield curve	Yield curve

In the valuation the nominal and real zero curves as at 30 June 2017 supplied by the JSE to determined the discount rates and CPI assumptions at each relevant time period were used.

The medical aid contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	22,000	(27,000)
Effect on defined benefit obligation	136,000	(178,000)

Amounts for the current and previous four years are as follows:

	2017	2016	2015	2014	2013
Defined benefit obligation	3,509,000	3,029,000	3,877,000	3,901,000	5,212,000

	2017	2016

19. Service charges

Sale of electricity	12,189,877	11,107,580
Sale of water	2,687,791	2,303,829
Sewerage and sanitation charges	2,491,578	1,999,915
Refuse removal	2,087,695	1,732,803
Revenue foregone	(2,636,998)	(1,932,938)
Cemetery and encroachment fees	52,781	46,698
	16,872,724	**15,257,887**

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the fconsumers on a monthly basis according to approved tariffs.

Water Losses

Laingsburg Municipality experiences major problems with water losses which originated from the floods in 1981. Laingsburg experienced an average water loss of R1,971,820 (51.80%) for the 2016/2017 financial period (2016: R 1 028 937 (50.74%)). An investigation was done to try to find the cause of these water losses. The investigation could not identify the cause of the losses. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year and more funds were allocated for further studies in the 2010/2011 financial year as well as the 2011/2012 financial year. The municipality is in the process of installing water meters to accurately calculate water losses. Potential losses could not be calculated.

During the 2013/2014 financial year a main water supply pipe was damaged in the flooding of the Buffels-, Wilgerhout-, and Baviaans Rivers on 8 January 2014, contributing to the water losses for the year. Further investigations commenced in the 2015/16 financial year by MISA (Municipal Infrastructure Support Agent) from National Government.

Electricity losses

Laingsburg experienced a below average electricity loss of R37,215.63 (3.17%) for the 2016/2017 financial period (2016: R 91 977 (2.79%)). The loss can be ascribed to the fact that street lights, municipal offices and some outer municipal electricity users are not metered. This will be investigated and corrected as soon as possible.

20. Interest on bank accounts

Current investment deposits	519,994	462,449
Current account	297,976	807,561
	817,970	**1,270,010**

21. Rental income

Premises		
Operating lease rental revenue Soutkloof	90,853	81,005
Rental revenue from buildings	985,909	912,604
Rental revenue from land	6,005	1,386
	1,082,767	**994,995**
Facilities and equipment		
Rental revenue from cutlery	845	926
Rental revenue from machinery and equipment	37,508	20,560
Rental revenue from houses	12,876	17,445
Rental revenue from hawkers	10,379	8,756
Rental revenue sundry	127,104	65,015
	188,712	**112,702**
	1,271,479	**1,107,697**

	2017	2016

21. Rental income (continued)

Rental revenue earned on facilities and equipment is in respect of non-financial assets rented out.

Sundry rental revenue consists of the following:
- Rental received from the IEC for the rental of the voting offices;
- Rental received from Allpay for the rental of the Matjiesfontein hall for the purposes of paying out social pension;
- Rental received from Provincial Western Cape for the rental of the Thusong Centre.

The operating lease of the Soutkloof farm is between the municipality and the Van Der Vyver Trust. The original lease agreement were for the period from 1 November 2011 to 31 October 2016 and was renewed until 31 October 2017. The contract will not be renewed Thereafter. The revenue on the Soutkloof farm is straight-lined over the period of the lease. For operating lease asset disclosure refer to note 7.

22. Other income

	2017	2016
Application fees	-	4,500
Building plan and rezoning application fees	9,757	66,486
Donations	96,186	216,275
Inventory donated to the municipality	-	9,706
Gym fees	14,468	2,030
Pest control	50	1,084
Sales - Sand and stone	26,647	19,552
Sundry income	37,193	59,493
Tender fees	9,229	9,350
Valuation certification	7,053	8,842
	200,583	**397,318**

23. Property rates

Rates received

	2017	2016
Laingsburg	2,757,409	2,426,800
Agriculture	5,707,725	5,305,025
Less: Renevue forgone	(5,207,454)	(4,797,422)
	3,257,680	2,934,403
Property rates - penalties imposed	313,389	194,929
	3,571,069	**3,129,332**

Valuations

	2017	2016
Laingsburg	267,657,500	267,657,500
Agriculture	621,373,400	621,373,400
	889,030,900	**889,030,900**

	2017	2016

24. Government grants and subsidies

Equitable share	12,526,165	11,480,859
Financial Management Grant (FMG)	1,722,523	1,700,000
Municipal Systems Improvement Grant (MSIG)	-	930,000
Expanded Public Works Programme	1,000,000	1,000,000
Human Settlements Development Grant	565,512	18,315,741
Community Workers Development	75,000	72,000
Provincial: Library Services	981,000	962,000
Provincial: Financial Management Support Grant	472,389	1,606,892
Maintenance of Proclaimed Roads	49,239	30,000
Integrated national electrification programme (Municipal Grant)	1,999,000	3,000,000
Department of Water Affairs	239,737	-
Flood Damage Grant	-	270,357
Overberg Municipality: Bulk water meters	148,799	-
Energy efficiency and demand side management grant	1,746,695	1,253,305
Management Support Grant	200,000	-
Provincial: Sub-Seta	54,459	31,556
Municipal infrastructure support grant	-	470,000
Municipal Infrastructure Grant (MIG)	7,907,336	6,563,873
Local Government graduate internership grant	11,189	-
	29,699,043	**47,686,583**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing, towards the consumer account. The subsidy is determined annually by Council. All consumers also receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

Receipts	12,526,165	11,480,859
Expenditure	(12,526,165)	(11,480,859)
	-	-

Human settlements acceleration grant

Balance unspent at beginning of year	600,000	600,000

Conditions still to be met - remain liabilities (see note 16).

The acceleration of housing delivery grant's strategic goal is to create sustainable human settlements that enables an improved quality of household life.

Financial Management Grant (FMG)

Current - year receipts	1,722,523	1,700,000
Conditions met - transferred to revenue: operating expenditure	(1,722,523)	(1,700,000)
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA) 2003. The Financial Management Grant also pays for the cost of the Financial Management Internship Program (e.g. salary costs of the Financial Management Interns).

	2017	2016

24. Government grants and subsidies (continued)

Municipal Systems Improvement Grant

Current - year receipts	-	930,000
Conditions met - transferred to revenue: operating expenditure	-	(930,000)
	-	-

The Municipal Systems Improvement Grant (MSIG) is allocated to assist municipalities to build in-house capacity to perform their functions and stabilise institutional governance systems as required in the Municipal Systems Act (MSA) and related legislation, policies and the local government turnaround strategy.

Expanded Public Works Programme

Current - year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue: operating expenditure	(1,000,000)	(1,000,000)
	-	-

The Expended Public Works Programme (EPWP) grant is received to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- Road maintenance and the maintenance of buildings;
- Low traffic volume roads and rural roads;
- Basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure); and
- Other economic and social infrastructure.

Local Government graduate internership grant

Current - year receipts	60,000	-
Conditions met - transferred to revenue: operating expenditure	(11,189)	-
	48,811	-

The "kick-about" is part of the youth development against violence through sport programme with the purpose of using sport, specifically football, as a catalyst for transmitting life skills to children and youth in order to reduce violence and social skills.

The project is for the construction of a kick-about facility as well as to provide basic football equipment to children in poor rural areas.

Human Settlements Development Grant

Current - year receipts	565,512	18,315,741
Conditions met - transferred to revenue: operating expenditure	(565,512)	(18,315,741)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The creation of sustainable human settlements that enables an improved quality of household life..

The facilitation and provision of basic infrastructure, top structure and basic social and economic amenities that contribute to the establishment of sustainable human settlements.

	2017	2016

24. Government grants and subsidies (continued)

Community Workers Development

	2017	2016
Current - year receipts	75,000	72,000
Conditions met - transferred to revenue: operating expenditure	(75,000)	(72,000)
	-	-

This grant is received to provide financial assistance to municipalities to cover the operational costs pertaining to the line functions of the community development workers including regional coordinators.

Provincial Library Services

	2017	2016
Current - year receipts	981,000	962,000
Conditions met - transferred to revenue: operating expenditure	(981,000)	(935,483)
Conditions met - transferred to revenue: capital expenditure	-	(26,517)
	-	-

This grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised program at provincial level in support of local government and national initiatives.

Provincial: Financial Management Support Grant

	2017	2016
Balance unspent at beginning of year	1,047,124	182,792
Current - year receipts	20,000	2,471,224
Conditions met - transferred to revenue: operating expenditure	(472,389)	(1,606,892)
	594,735	**1,047,124**

Conditions still to be met - remain liabilities (see note 16).

This grant is received to provide financial assistance to Municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

Municipal electrical master plan

	2017	2016
Current - year receipts	250,000	-

Financial assistance to municipalities to ensure effective functioning of municipal electrical infrastructure and to maximise the provision of basic electricity to citizens.

Maintenance of proclaimed roads

	2017	2016
Current - year receipts	49,239	30,000
Conditions met - transferred to revenue: operating expenditure	(49,239)	(30,000)
	-	-

This grant was received for maintenance of Provincial roads.

Integrated national electrification programme (INEP)

	2017	2016
Balance unspent at beginning of year	-	463,859
Current - year receipts	1,999,000	3,000,000
Conditions met - transferred to revenue: capital expenditure	(1,999,000)	(3,000,000)
Recovered from equitable share	-	(463,859)

	2017	2016

24. Government grants and subsidies (continued)

	-	-

The purpose of this grant is to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

Flood Damage Grant

Balance unspent at beginning of year	3,923,164	3,786,731
Conditions met - transferred to revenue: operating expenditure	(3,923,164)	(270,357)
Transfer from MIG	-	406,790
	-	**3,923,164**

Conditions still to be met - remain liabilities (see note 16).

This grant was received to prepare flood damage that occurred in January 2014.

Energy efficiency and demand side management grant

Balance unspent at beginning of year	1,746,695	-
Current - year receipts	-	3,000,000
Conditions met - transferred to revenue: capital expenditure	(1,746,695)	(1,253,305)
	-	**1,746,695**

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to reduce electricity consumption and improve electricity efficiency within municipal infrastructure.

Financial Support for IDP related projects

Balance unspent at beginning of year	200,000	-
Current - year receipts	(200,000)	-
	-	-

IThis Grant was receive to address the general financial management of compliance and performance of the municipality. Iincluding improving of the following: legislated reporting requirements, budgeting, asset management, financial systems, audit outcomes etc.

Department Environmental Affairs and Tourism

Balance unspent at beginning of year	82,106	82,106

Conditions still to be met - remain liabilities (see note 16).

This grant was received to develop a spatial development plan.

Department of Water Affairs (DWA)

Balance unspent at beginning of year	575,883	575,883
Conditions met - transferred to revenue	(239,737)	-
	336,146	**575,883**

Conditions still to be met - remain liabilities (see note 16).

	2017	2016

24. Government grants and subsidies (continued)

This grant is used for water supply at Matjiesfontein, ground water investigation and the draw up of a water master plan. The water master plan needs to be drafted and submitted and the water meters need to be installed.

Local Government: Local Municipalities

	2017	2016
Balance unspent at beginning of year	112,140	112,140

Conditions still to be met - remain liabilities (see note 16).

This grant is used for the compiling of a sewerage master plan and investigation of electricity tariffs.

Provincial: Sub Seta

	2017	2016
Current-year receipts	54,459	31,556
Conditions met - transferred to revenue: operating expenditure	(54,459)	(31,556)
	-	-

This grant was received for long term monitoring and construction of water infrastructure.

Financial management capacity

	2017	2016
Current-year receipts	120,000	-

The outcome of this grant is improved functioning of municipal fianacial management

Municipal service delivery and capacity building

	2017	2016
Current-year receipts	300,000	-

Conditions still to be met - remain liabilities (see note 16).

This grant was received to provide financial assistance to improve infrastructure, systems, structures, corporate governance, service delivery and addressing institutional challenges.

Municipal Drought Support

	2017	2016
Current-year receipts	500,000	-

Conditions still to be met - remain liabilities (see note 16).

This grant was received to development water infrastructure with the purpose of augmenting water supply in drought stricken municipalities..

Overberg Municipality: Bulk water meters

	2017	2016
Current-year receipts	148,799	-

Conditions still to be met - remain liabilities (see note 16).

This were a donation from Overberg municipality to invest om water supply infrastructure.

Municipal infrastructure grant (MIG)

	2017	2016
Balance unspent at beginning of year	1,591,336	-

	2017	2016

24. Government grants and subsidies (continued)

Current-year receipts	6,316,000	8,562,000
Conditions met - transferred to revenue: capital expenditure	(7,907,336)	(6,563,874)
Transfer to flood damage grant	-	(406,790)
	-	**1,591,336**

Conditions still to be met - remain liabilities (see note 16).

This grant is allocated to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

25. Fines, penalties and forfeits

Traffic fines	22,196,339	19,961,948
Library fines	1,832	524
Dog tax	20	138
	22,198,191	**19,962,610**

26. Employee related costs

Basic	13,234,563	10,770,740
Employee related costs - contributions	2,464,788	2,063,603
Unemployment Insurance Fund (UIF)	94,380	90,757
Workmans Compensation Act (WCA)	138,200	111,100
Skills Development Levy (SDL)	166,316	135,671
Leave pay	50,838	211,232
Bargaining council levy	5,177	5,380
Net expense: defined benefit plan	480,000	(848,000)
Travel, motor car, accommodation, subsistence and other allowances	978,342	810,490
Overtime payments	302,987	365,198
Long-service awards	127,341	324,411
Thirteenth cheque	935,186	894,670
Housing benefits and allowances	132,482	87,156
	19,110,600	**15,022,408**

Remuneration of Williams PA - Municipal Manager

Annual remuneration	905,904	1,281,935
Contributions to UIF, medical and pension funds	25,743	14,745
	931,647	**1,296,680**

Remuneration of Pieterse S - Municipal Manager

Annual remuneration	42,636	-
Acting allowance	98,028	-
Contributions to UIF, medical and pension funds	8,360	-
Travel, motor car, accommodation, subsistence and other allowances	16,912	-
	165,936	**-**

	2017	2016

26. Employee related costs (continued)

Remuneration of Groenewald A - Chief Finance Officer

	2017	2016
Annual remuneration	655,416	567,388
Acting allowance	156,677	151,759
Contributions to UIF, medical and pension funds	147,865	130,691
Travel, motor car, accommodation, subsistence and other allowances	172,873	163,599
Long service bonus	-	90,901
Service bonus	54,618	45,764
	1,187,449	**1,150,102**

27. Remuneration of councillors

	2017	2016
Remuneration	2,506,750	2,407,714
Allowances	144,164	110,314
	2,650,914	**2,518,028**

The mayor may utilise official Council transportation when engaged in official duties.

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2017	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Bobbejee M - Councillor	14,595	8,410	387	-	23,392
Botes PJ - Councillor	14,595	8,410	2,631	-	25,636
Botha J - Councillor	14,595	8,410	387	-	23,392
Brown I - Deputy Executive Mayor	78,444	-	6,439	6,693	91,576
Brown I - Councillor	128,536	8,914	15,720	16,908	170,078
Gouws M - Speaker	125,357	13,371	6,600	5,291	150,619
Gouws M - Councillor	120,845	39,609	2,700	8,113	171,267
Horn H - Speaker	38,630	22,425	2,631	-	63,686
Kleinbooi B - Councillor	135,138	44,571	20,712	21,712	222,133
Marthinus A - Executive Mayor	471,874	147,868	22,159	35,656	677,557
Potgieter L - Councillor	192,361	-	22,159	21,712	236,232
Theron W du P - Executive Major	45,131	14,016	2,039	-	61,186
Theron W du P - Speaker	240,618	112,127	16,312	(6,926)	362,131
Theron W du P - Councillor	41,540	13,371	6,439	2,481	63,831
Van As BJ - Deputy Executive Mayor	176,072	55,503	15,651	(1,960)	245,266
Van As BJ - Councillor	41,540	13,371	5,539	2,482	62,932
	1,879,871	**510,376**	**148,505**	**112,162**	**2,650,914**

2016	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Theron W du P - Executive Major	519,989	168,191	26,925	7,265	722,370
Van As BJ - Deputy Executive Mayor	229,412	74,004	20,868	9,182	333,466
Horn H - Speaker	415,992	134,552	26,925	4,675	582,144
Bobbejee M - Councillor	156,418	50,457	3,600	4,239	214,714
Botes PJ - Councillor	156,417	50,457	24,468	4,238	235,580
Botha J - Councillor	156,417	50,457	3,600	4,239	214,713
Gouws M - Councillor	156,418	50,457	3,927	4,239	215,041
	1,791,063	**578,575**	**110,313**	**38,077**	**2,518,028**

	2017	2016

28. Debt impairment

Bad debts written off	5,703,157	3,148,972
Sundry receivables impaired	(9,393)	49,270
Contributions to allowance for impairment	15,641,139	11,112,704
	21,334,903	**14,310,946**

29. Depreciation and amortisation

Property, plant and equipment	7,447,021	7,339,090
Investment property	119,322	119,322
Intangible assets	118,332	291,885
	7,684,675	**7,750,297**

30. Impairment loss / Reversal of impairment loss

Reversal of impairments

Property, plant and equipment	-	(171,617)

The landfill site was revalued at year end. This resulted in a decrease in the provision. Due to the decrease exceeding the carrying value of the asset, the excess portion is recognised in profit and loss.

31. Finance costs

Payables from exchange transactions	8,059	896
SARS: interest on late payment of VAT	5,184	9,002
Finance costs - landfill site rehabilitation provision	194,100	154,415
	207,343	**164,313**

32. Bulk purchases

Electricity	8,154,729	7,487,051

Electricity
Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

Water
There was no bulk purchases for water during the year. This is as a result of the municipality being supplied with water from the river as well as from a municipal farm with a natural water resources.

33. Contracted services

Town planning	-	9,590

	2017	2016

34. Grants and subsidies

Other subsidies

Acacia Primary School	6,000	5,000
Aids program and Cancer awareness	1,866	599
Area committee	290	37,885
Christmas for children	4,449	4,603
Donald Duck Pre-Primary	19,108	16,937
Equitable share households	643,602	1,072,720
Housing transfers	898,260	30,989,236
LaDaag	7,149	-
Laingsburg High School	1,000	3,000
Mandela Day	1,754	7,758
Municipal sport	56,347	47,065
Other grants and subsidies paid	15,375	8,354
SMME development	2,809	-
Tourism grant	274,974	129,164
VIP toilets	64,822	59,979
Youth week	17,701	23,116
	2,015,506	**32,405,416**

	2017	2016

35. General expenses

Administration costs	174,340	934,061
Advertising	117,970	104,621
Auditors remuneration	1,286,827	2,564,518
Bank charges	411,895	274,816
Book detection system	12,700	7,250
Cleaning	1,173,448	916,147
Commission for collection of traffic fines	2,913,386	3,063,739
Commission paid	150,768	115,489
Community development and training	76,881	72,827
Computer expenses	50,934	-
Consulting and professional fees	657,970	1,613,819
Consumables	672,264	329,191
Crime prevention	-	313,240
Delegation costs	7,696	-
Electricity	522,322	494,977
Flowers	-	255
Fuel and oil	557,305	554,611
Insurance	365,916	147,023
Levy: District Municipality (Health Services)	-	1,109
Licence fees	349,761	145,713
Magazines, books and periodicals	3,293	7,675
Management fees - Water catchment area	52,549	21,650
Marketing	340,866	364,907
Office and general expenses	1,654,118	1,465,945
Office expenses	660	1,597
Pauper burials	24,701	5,761
Pest control	719	11,501
Postage	6,314	5,001
Printing and stationery	230,629	314,020
Public entertainment	116,847	150,416
Quality control	205,488	167,971
Security services	1,184,058	1,089,526
Signs	9,846	3,382
Software expenses	265,778	70,705
Subscriptions and membership fees	535	1,120,294
Telephone and fax	1,035,360	977,835
Tools and equipment	57,330	87,232
Training	130,918	368,707
Travel - local	1,079,028	1,028,196
Uniforms and protective clothing	59,916	68,778
Valuation costs	236,215	35,983
Vehicle licences	38,374	53,861
Health ans safety	12,891	-
	16,248,816	**19,074,349**

	2017	2016

36. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At amortised cost	Total
Cash and cash equivalents	2,298,909	2,298,909
Receivables from exchange transactions	1,897,166	1,897,166
Receivables from non-exchange transactions	919,080	919,080
Current portion of long term receivables from exchange transactions	763	763
Payables from echange transactions	4,850,231	4,850,231
	9,966,149	**9,966,149**

Financial liabilities

	At amortised cost	Total
Payables from exhange transactions	4,391,774	4,391,774
Consumer deposits	484,975	484,975
	4,876,749	**4,876,749**

2016

Financial assets

	At amortised cost	Total
Cash and cash equivalents	9,964,155	9,964,155
Receivables from exchange transactions	1,497,018	1,497,018
Receivables from non-exchange transactions	5,079,592	5,079,592
Current portion of long term receivables from exchange transactions	349	349
	16,541,114	**16,541,114**

Financial liabilities

	At amortised cost	Total
Payables from exhange transactions	4,391,774	4,391,774
Consumer deposits	437,071	437,071
	4,828,845	**4,828,845**

37. Cash generated from operations

	2017	2016
Deficit	(4,847,553)	(11,684,796)
Adjustments for:		
Depreciation and amortisation	7,684,675	7,335,164
Loss on sale of assets and liabilities	37,097	6,936
Change in rehabilitation asset	(2,122,001)	1,653,949
Impairment loss	-	(171,617)
Debt impairment	21,334,903	14,310,946
Movements in operating lease assets and accruals	2,697	6,676
Movements in retirement benefit assets and liabilities	552,068	(622,288)
Movements in provisions	2,230,925	(1,207,866)
Inventory losses	-	1,904
Inventory transferred	-	5,162,251
Changes in working capital:		
Inventories	218,578	(3,284)
Receivables from exchange transactions	(20,801,633)	204,814
Receivables from non-exchange transactions	4,356,532	(13,937,413)
Payables from exchange transactions	(671,396)	(1,906,182)
VAT	70,990	(1,697,467)
Unspent conditional grants and receipts	(6,734,510)	3,874,937
Consumer deposits	47,905	30,816
	1,359,277	**1,357,480**

38. Commitments

Capital commitments

	2017	2016
Already contracted for but not provided for		
• Property, plant and equipment	8,794,844	10,437,430
Total capital commitments		
Already contracted for but not provided for	8,794,844	10,437,430

Total commitments

	2017	2016
Total commitments		
Authorised capital expenditure	8,794,844	10,437,430

This committed expenditure relates to infrastructure assets and will be financed through grants.

Open purchase orders

	2017	2016
Items ordered before year-end, but not delivered after year-end	-	147

	2017	2016

39. Related parties

For names of Councillors as well as disclosures of remuneration to Councillors:	Refer to note 27
For disclosures of remuneration to management:	Refer to note 26

Related party transactions

The municipality provided municipal services to all councillors, management and their family members residing within the municipal area. The municipality also charges property rates to all councillors, management and their family members who are property owners within the municipal area. These transactions were concluded on normal operating terms and are included in the "service charges" and "property rates" on the statement of financial performance. Any balances due to the municipality on the reporting date are included in receivables from exchange transactions (relating to service charges) and receivables from non-exchange transactions (relating to property rates) on the statement of financial position.

40. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exhange transactions	4,856,586	-	-	-
Consumer deposits	484,975	-	-	-

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exhange transactions	4,391,774	-	-	-
Consumer deposits	437,071	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to customers are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Cash and cash equivalents	2,298,909	9,964,156
Receivables from exchange transactions	1,897,166	1,497,018
Receivables from non-exchange transactions	919,080	6,736,091
Current portion of long-term receivables from exchange transactions	763	349

	2017	2016

41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

42. Events after the reporting date

The accounting officer is not aware of any matters or events arising between the end of the reporting period and the date of these financial statements, which will significantly affect the financial position and results of the municipality's operations.

43. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2017

	Capital replacement reserve	Donations and public contributions	Housing development fund	Total
Opening balance	1,770,303	32,994,672	1,680,451	36,445,426

Ring-fenced internal funds and reserves within accumulated surplus - 2016

	Capital replacement reserve	Donations and public contributions	Housing development fund	Total
Opening balance	2,255,048	32,994,672	1,680,451	36,930,171
Transfer to capital replacement reserve	420,010	-	-	420,010
Capital grants used to purchase property, plant and equipment	(904,755)	-	-	(904,755)
	1,770,303	**32,994,672**	**1,680,451**	**36,445,426**

44. Reserves

Capital Replacement Reserve
This reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instruments. The Capital Replacement Reserve is included in accumulated surplus as required by GRAP 1.89.

Donations and Public Contributions Reserve
This reserve is a reserve to finance only certain approved future expenditure and is fully invested in ring-fenced financial instruments. The Donations and Public Contributions Reserve is included in accumulated surplus as required by GRAP 1.89.

	2017	2016
Capital replacement reserve	1,770,303	1,770,303
Donations and public contributions	32,994,672	32,994,720
	34,764,975	**34,765,023**

45. Housing development fund

	2017	2016
Loans extinguished by Government on 1 April 1998	1,680,451	1,680,451

	2017	2016

45. Housing development fund (continued)

The housing development fund is represented by the following assets and liabilities

Revaluation of assets	1,680,451	1,680,451

The Housing Development Fund has its origin from loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the housing development fund are used only for the funding of housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

46. Fruitless and wasteful expenditure

Interest on late payment of suppliers	11,049	11,049
Written off by council	(11,049)	-
	-	**11,049**

Interest on late payment of suppliers was written-off by Council.

47. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved.

	2017	2016

47. Prior period errors (continued)

Statement of Financial Performance for the year ended 30 June 2016	Balance as previously reported	Prior period error	Reclassified	Restated balance
Revenue				
Service charges	15,257,889	-	-	15,257,889
Interest on bank accounts	1,270,010	-	-	1,270,010
Interest on outstanding debtors	159,379	-	-	159,379
Rental income	1,107,697	-	-	1,107,697
Licences and permits	196,698	-	-	196,698
Agency services	142,351	-	-	142,351
Other income	397,318	-	-	397,318
Property rates	2,934,403	-	-	2,934,403
Property rates - penalties imposed	194,929	-	-	194,929
Government grants and subsidies	47,686,583	-	-	47,686,583
Fines, penalties and forfeits	19,962,610	-	-	19,962,610
Total revenue	89,309,867	-	-	89,309,867
Expenditure				
Employee related costs	(15,022,408)	-	-	(15,022,408)
Remuneration of councillors	(2,518,028)	-	-	(2,518,028)
Debt impairment	(14,310,946)	-	-	(14,310,946)
Depreciation and amortisation	(7,750,297)	415,133	-	(7,335,164)
Impairment loss	171,617	-	-	171,617
Finance costs	(164,313)	-	-	(164,313)
Bulk purchases	(7,487,051)	-	-	(7,487,051)
Contracted services	(9,590)	-	-	(9,590)
Grants and subsidies paid	(32,405,416)	-	-	(32,405,416)
Repairs and maintenance	(2,487,729)	-	-	(2,487,729)
General expenses	(19,094,965)	10,304	-	(19,084,661)
Library lease	(75,240)	-	-	(75,240)
Collection costs	(258,800)	-	-	(258,800)
Total expenditure	(101,413,166)	425,437	-	(100,987,729)
Operating surplus / (deficit)	(12,103,301)	-	-	(12,103,301)
Gain/(loss) on biological assets and agricultural produce	(6,936)	-	-	(6,936)
Surplus / (deficit) for the year	(12,110,237)	-	-	(12,110,237)

	2017	2016

47. Prior period errors (continued)

Statement of Financial Position as at 30 June 2016

	Balance as previously reported	Prior period error / Reclassified	Restated balance
Assets			
Current Assets			
Cash and cash equivalents	9,964,155	-	9,964,155
Receivables from exchange transactions	1,497,018	-	1,497,018
Receivables from non-exchange transactions	4,708,217	371,375	5,079,592
VAT receivable	3,740,187	(111,415)	3,628,772
Operating lease asset	2,697	-	2,697
Inventories	1,596,544	-	1,596,544
Current portion of long term receivables from exhange transactions	349	-	349
Total current assets	21,509,167	259,960	21,769,127
Non-current Assets			
Investment property	4,391,868	-	4,391,868
Property, plant and equipment	156,873,163	(764,642)	156,108,521
Intangible assets	639,982	-	639,982
Heritage assets	43,354	-	43,354
Total non-current assets	161,948,367	(764,642)	161,183,725
Liabilities			
Current Liabilities			
Payables from exchange transactions	4,406,421	(14,647)	4,391,774
Consumer deposits	437,071	-	437,071
Unspent conditional grants and receipts	9,678,448	-	9,678,448
Employee benefit obligation	212,452	-	212,452
Provisions	402,181	-	402,181
Total current liabilities	15,136,573	(14,647)	15,121,926
Non-current Liabilities			
Employee benefit obligation	3,343,175	-	3,343,175
Provisions	2,854,413	-	2,854,413
Total non-current liabilities	6,197,588	-	6,197,588
Net Assets			
Accumulated surplus - Opening balance	161,612,722	510,651	162,123,373
Total net assets	161,612,722	510,651	162,123,373

1. Depreciation and amortisation

	2017	2016
Balance previously reported	-	7,335,164
Depreciation on furniture and equipment	-	415,133

	2017	2016

47. Prior period errors (continued)

	-	**7,750,297**

1. Depreciation and amortisation

For detail on errors refer to property, plant and equipment and intangible asset errors.

2. General expenditure		
Balance previously reported	-	19,094,965
Prior-year error: vehicle licences	-	(20,616)
	-	**19,074,349**

2. General expenditure

Income recognised in the prior year for vehicle licences reversed due to cheque confirmed to be stale in the current year.

3. Receivables from non-exchange transactions		
Balance previously reported	-	5,079,592
Vehicle licence (see general expenses)	-	(308)
Salga fees overpaid	-	(381,683)
	-	**4,697,601**

3. Receivables from non-exchange transaction

The amount of a payment made to SALGA during the 2014/15 financial year, were more than the original invoice. This amount was refunded during the subsequent financial year and the amount were recorded as an unidentified deposit.

4. VAT receivable		
Balance previously reported	-	3,740,187
SALGA refund	-	(111,415)
	-	**3,628,772**

4. VAT receivables

The influence of the refund from SALGA on VAT were not taken into consideration.

5. Property, plant and equipment		
Balance previously reported	-	156,873,163
Depreciation, amortisation and impairment	-	(415,133)
Decrease in infrastructure cost price	-	(349,509)
	-	**156,108,521**

5. Property, plant and equipment

The refund receive from ASLA resulted in a decrease of the cost price of the Road network in Goldnerville.

See relevant note for depreciation, amortisation and impairment

	2017	2016

47. Prior period errors (continued)

6. Payables from exchange transactions

	2017	2016
Balance as previously reported	-	4,406,421
Unclaimed payables	-	(14,647)
	-	**4,391,774**

6. Payables from exchange transactions

Unclaimed payables reversed in the prior year.

48. Irregular expenditure

	2017	2016
Opening balance	40,434,784	17,671,663
Add: Irregular expenditure - current year	10,133,490	27,481,939
Less: Amounts written off	-	(4,718,818)
	50,568,274	**40,434,784**

Analysis of expenditure awaiting condonation per age classification

	2017	2016
Current year	(17,348,449)	-
Prior years	40,434,784	40,343,784
	23,086,335	**40,343,784**

49. Repairs and maintenance

Repairs and maintenance per allocation to asset type

	2017	2016
Land	315	-
Buildings	56,011	63,846
Furniture and Fittings	301,773	172,024
Motor Vehicles	624,252	455,897
Infrastructure	793,613	1,406,472
Community Assets	25,560	2,360
Refuse sites	315	124,298
Buildings (Investments)	301,942	262,832
	2,103,781	**2,487,729**

Repairs and maintenance per nature of expense

	2017	2016
Contracted services	1,816,440	2,203,114
Labour	40,251	33,721
Material	247,090	250,894
	2,103,781	**2,487,729**

50. Unauthorised expenditure

	2017	2016
Unauthorised expenditure	916,227	15,094,202

No disciplinary steps have been followed to date as the Municipality was of the opinion that the unauthorised expenditure was incurred due to overspending of votes or main divisions within votes.

All unauthorised expenditure was written-off by Council.

	2017	2016

51. Deviation from supply chain management regulations

Deviations		
In any other exceptional case where it is impractical or impossible to follow the official procurement processes: (Policy reference 36(1)(a)(v))	1,559,447	35,662
If such goods or services are produced or available from a single provider only: (Policy reference 36(a)(ii))	121,322	1,072,445
in an emergency: Reg refference 36(1)(a)(i)	403,786	-
	2,084,555	**1,108,107**

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

Opening balance	57,500	675,000
Current year subscription / fee	428,357	482,500
Amount paid - current year	(317,500)	(1,100,000)
	168,357	**57,500**

Audit fees

Current year subscription / fee	1,738,906	2,519,266
Amount paid - current year	(1,286,827)	(2,519,266)
Amount payable - National Treasury	(452,079)	-
	-	-

PAYE and UIF

Opening balance	122,286	597,906
Current year subscription / fee	3,099,403	1,732,761
Amount paid - current year	(3,104,575)	(2,208,381)
	117,114	**122,286**

Pension and medical aid deductions

Opening balance	(75,395)	115,304
Current year subscription / fee	4,242,781	3,180,061
Amount paid - current year	(4,017,470)	(3,370,760)
	149,916	**(75,395)**

53. Contingencies

Heading		
Telkom SA SOC LIMITED	167,870	-

The municipality is currently involved in legal proceedings against Telkom SOC Ltd in respect of alleged damages causes by municipal activity to their property. Legal proceedings continue.

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2017											
Financial Performance											
Property rates	4,004,000	(502,600)	3,501,400	-		3,501,400	3,571,069		69,669	102 %	89 %
Service charges	16,552,200	(397,700)	16,154,500	-		16,154,500	16,872,724		718,224	104 %	102 %
Investment revenue	1,119,300	(276,200)	843,100	-		843,100	817,970		(25,130)	97 %	73 %
Transfers recognised - operational	63,641,100	3,983,665	67,624,765	-		67,624,765	29,699,043		(37,925,722)	44 %	47 %
Other own revenue	1,277,700	275,500	1,553,200	-		1,553,200	24,020,958		22,467,758	1,547 %	1,880 %
Total revenue (excluding capital transfers and contributions)	**86,594,300**	**3,082,665**	**89,676,965**	**-**		**89,676,965**	**74,981,764**		**(14,695,201)**	**84 %**	**87 %**
Employee costs	(20,643,500)	135,300	(20,508,200)	-	-	(20,508,200)	(19,110,600)	-	1,397,600	93 %	93 %
Remuneration of councilors	(2,827,200)	13,500	(2,813,700)	-	-	(2,813,700)	(2,650,914)	-	162,786	94 %	94 %
Debt impairment	(25,424,400)	173,000	(25,251,400)			(25,251,400)	(21,334,903)	-	3,916,497	84 %	84 %
Depreciation and asset impairment	(8,904,300)	(159,000)	(9,063,300)			(9,063,300)	(7,684,675)	-	1,378,625	85 %	86 %
Finance charges	(7,500)	-	(7,500)	-	-	(7,500)	(207,343)	-	(199,843)	2,765 %	2,765 %
Materials and bulk purchases	(8,731,100)	1,213,100	(7,518,000)	-	-	(7,518,000)	(8,154,729)	-	(636,729)	108 %	93 %
Transfers and grants	(2,662,700)	-	(2,662,700)	-	-	(2,662,700)	(2,015,506)	-	647,194	76 %	76 %
Other expenditure	(26,137,600)	(2,901,124)	(29,038,724)	-	-	(29,038,724)	(18,670,647)	-	10,368,077	64 %	71 %
Total expenditure	**(95,338,300)**	**(1,525,224)**	**(96,863,524)**	**-**	**-**	**(96,863,524)**	**(79,829,317)**	**-**	**17,034,207**	**82 %**	**84 %**
Surplus/(Deficit)	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**-**		**(7,186,559)**	**(4,847,553)**		**2,339,006**	**67 %**	**55 %**
Surplus/(Deficit) for the year	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**-**		**(7,186,559)**	**(4,847,553)**		**2,339,006**	**67 %**	**55 %**

Laingsburg Local Municipality
(Registration number WC051)
Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	14,703,000	(2,979,000)	11,724,000	-		11,724,000	9,676,000		(2,048,000)	83 %	66 %
Sources of capital funds											
Transfers recognised - capital	13,160,000	(2,979,000)	10,181,000	-	[redacted]	10,181,000	9,265,000	[redacted]	(916,000)	91 %	70 %
Internally generated funds	1,543,000	-	1,543,000	-	[redacted]	1,543,000	410,000	[redacted]	(1,133,000)	27 %	27 %
Total sources of capital funds	**14,703,000**	**(2,979,000)**	**11,724,000**	-	[redacted]	**11,724,000**	**9,675,000**	[redacted]	**(2,049,000)**	**83 %**	**66 %**

Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2016				
Financial Performance				
Property rates				3,129,332
Service charges				15,257,887
Investment revenue				1,270,010
Transfers recognised - operational				47,686,583
Other own revenue				21,966,053
Total revenue (excluding capital transfers and contributions)				**89,309,865**
Employee costs	-	-	-	(15,022,408)
Remuneration of councillors	(64,827)	-	(64,827)	(2,518,028)
Debt impairment	-	-	-	(14,310,946)
Depreciation and asset impairment	(164,314)	-	(164,314)	(7,578,680)
Finance charges	-	-	-	(164,313)
Materials and bulk purchases	-	-	-	(7,487,051)
Lease rental	(75,240)	-	(75,240)	(32,405,416)
Other expenditure	(14,789,821)	-	(14,789,821)	(21,912,644)
Total expenditure	**(15,094,202)**	**-**	**(15,094,202)**	**(101,399,486)**
Surplus/(Deficit)				**(12,089,621)**
Surplus/(Deficit) for the year				**(12,089,621)**

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2017

30 June 2017

Description	Asset	Historical cost									Accumulated Depreciation / Impairment							Carrying
	Code	Opening Balance	Changes in Balances	New Balance	Additions	Transfers	Write-offs	Under construction Additions	Under construction Transfers	Closing Balance	Opening Balance	Changes in Balances	New Balance	Depreciation	Transfers	Write-offs	Closing Balance	Value
		R			R	R	R			R	R			R	R	R	R	R
Land and Buildings																		
Land (Erven)		25,929,920	-	25,929,920	-		-			25,929,920	-	-	-	-	-	-	-	25,929,920.00
Land (Facilities)		11,913,796	-	11,913,796	-		-			11,913,796	-	-	-	-	-	-	-	11,913,796.00
Office and Other Buildings		9,547,883	-	9,547,883	-	-	-			9,547,883	(7,093,178)	-	(7,093,178)	(215,848)	-	-	(7,309,026)	2,238,856.86
		47,391,599	-	47,391,599	-	-	-	-	-	47,391,599	(7,093,178)	-	(7,093,178)	(215,848)	-	-	(7,309,026)	40,082,573
Infrastructure																		
Electricity:																		
Supply network		8,237,767	-	8,237,767	-	-	-		-	8,237,767	(5,986,696)	-	(5,986,696)	(180,871)	-	-	(6,167,567)	2,070,200
Roads:																		
Roads network		26,302,385	-	26,302,385	-	-	-		-	26,302,385	(11,475,662)	-	(11,475,662)	(660,200)	-	-	(12,135,862)	14,166,523
Stormwater network		94,450,216	-	94,450,216	-	-	-		-	94,450,216	(52,984,613)	-	(52,984,613)	(3,228,274)	-	-	(56,212,886)	38,237,330
Sanitation:																		
Sanitation network		28,982,546	-	28,982,546	-	-	-		-	28,982,546	(16,384,033)	-	(16,384,033)	(784,945)	-	-	(17,168,978)	11,813,568
Water:																		
Supply network		28,008,954	-	28,008,954	59,039	-	(67,838)			28,000,154	(13,456,755)	-	(13,456,755)	(591,723)		37,097	(14,011,381)	13,988,773
		185,981,869	-	185,981,869	59,039	-	(67,838)	-	-	185,973,069	(100,287,758)	-	(100,287,758)	(5,446,012)	-	37,097	(105,696,674)	80,276,395
Community Assets																		
Recreational Facilities:																		
Sport and recreation facilities		10,342,790	-	10,342,790	-	-	-		-	10,342,790	(5,125,397)	-	(5,125,397)	(326,471)	-	-	(5,451,868)	4,890,922
Community facilities		11,758,392	-	11,758,392	-	-	-		-	11,758,392	(8,202,489)	-	(8,202,489)	(273,588)	-	-	(8,476,077)	3,282,315
		22,101,182	-	22,101,182	-	-	-	-	-	22,101,182	(13,327,886)	-	(13,327,886)	(600,059)	-	-	(13,927,946)	8,173,236
Housing																		
Housing Schemes		2,955,500	-	2,955,500	-	-	-		-	2,955,500	(2,364,400)	-	(2,364,400)	(147,775)	-	-	(2,512,175)	443,325
		2,955,500	-	2,955,500	-	-	-	-	-	2,955,500	(2,364,400)	-	(2,364,400)	(147,775)	-	-	(2,512,175)	443,325
Furniture and Fittings:																		
Other Furniture		5,449,098	-	5,449,098	240,580	-	-			5,689,678	(3,487,595)	-	(3,487,595)	(560,850)	-	-	(4,048,445)	1,641,232.63
Motor Vehicles:																		
Motor Cars		4,184,792	-	4,184,792	-	-	-			4,184,792	(2,856,037)	-	(2,856,037)	(254,883)	-	-	(3,110,921)	1,073,871.81
Refuse site																		
Tip sites		3,882,304	-	3,882,304	1,898,626		-			5,780,930	(1,167,472)	-	(1,167,472)	(205,130)		-	(1,372,602)	4,408,328.53
		13,516,194	-	13,516,194	2,139,206	-	-	-	-	15,655,400	(7,511,104)	-	(7,511,104)	(1,020,863)	-	-	(8,531,967)	7,123,433
Total PPE (excl Capital WIP)		271,946,344	-	271,946,344	2,198,245	-	(67,838)	-	-	274,076,750	(130,584,326)	-	(130,584,326)	(7,430,558)	-	37,097	(137,977,789)	136,098,962

Laingsburg Local Municipality

(Registration number WC051)
Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2017											
Financial Performance											
Property rates	4,004,000	(502,600)	3,501,400	-	[redacted]	3,501,400	3,571,069	[redacted]	69,669	102 %	89 %
Service charges	16,552,200	(397,700)	16,154,500	-		16,154,500	16,872,724		718,224	104 %	102 %
Investment revenue	1,119,300	(276,200)	843,100	-		843,100	817,970		(25,130)	97 %	73 %
Transfers recognised - operational	63,641,100	3,983,665	67,624,765	-		67,624,765	29,699,043		(37,925,722)	44 %	47 %
Other own revenue	1,277,700	275,500	1,553,200	-		1,553,200	24,020,958		22,467,758	1,547 %	1,880 %
Total revenue (excluding capital transfers and contributions)	**86,594,300**	**3,082,665**	**89,676,965**	**-**		**89,676,965**	**74,981,764**		**(14,695,201)**	**84 %**	**87 %**
Employee costs	(20,643,500)	135,300	(20,508,200)	-	-	(20,508,200)	(19,110,600)	-	1,397,600	93 %	93 %
Remuneration of councilors	(2,827,200)	13,500	(2,813,700)	-	-	(2,813,700)	(2,650,914)	-	162,786	94 %	94 %
Debt impairment	(25,424,400)	173,000	(25,251,400)	[redacted]	[redacted]	(25,251,400)	(21,334,903)	-	3,916,497	84 %	84 %
Depreciation and asset impairment	(8,904,300)	(159,000)	(9,063,300)			(9,063,300)	(7,684,675)	-	1,378,625	85 %	86 %
Finance charges	(7,500)	-	(7,500)	-	-	(7,500)	(207,343)	-	(199,843)	2,765 %	2,765 %
Materials and bulk purchases	(8,731,100)	1,213,100	(7,518,000)	-	-	(7,518,000)	(8,154,729)	-	(636,729)	108 %	93 %
Transfers and grants	(2,662,700)	-	(2,662,700)	-	-	(2,662,700)	(2,015,506)	-	647,194	76 %	76 %
Other expenditure	(26,137,600)	(2,901,124)	(29,038,724)	-	-	(29,038,724)	(18,670,647)	-	10,368,077	64 %	71 %
Total expenditure	**(95,338,300)**	**(1,525,224)**	**(96,863,524)**	**-**	**-**	**(96,863,524)**	**(79,829,317)**	**-**	**17,034,207**	**82 %**	**84 %**
Surplus/(Deficit)	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**-**	[redacted]	**(7,186,559)**	**(4,847,553)**	[redacted]	**2,339,006**	**67 %**	**55 %**
Surplus/(Deficit) for the year	**(8,744,000)**	**1,557,441**	**(7,186,559)**	**-**		**(7,186,559)**	**(4,847,553)**		**2,339,006**	**67 %**	**55 %**

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	14,703,000	(2,979,000)	11,724,000		-	11,724,000	9,676,000		(2,048,000)	83 %	66 %
Sources of capital funds											
Transfers recognised - capital	13,160,000	(2,979,000)	10,181,000		- [redacted]	10,181,000	9,265,000	[redacted]	(916,000)	91 %	70 %
Internally generated funds	1,543,000	-	1,543,000		-	1,543,000	410,000		(1,133,000)	27 %	27 %
Total sources of capital funds	**14,703,000**	**(2,979,000)**	**11,724,000**		**-**	**11,724,000**	**9,675,000**		**(2,049,000)**	**83 %**	**66 %**

Laingsburg Local Municipality
(Registration number WC051)
Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2016				
Financial Performance				
Property rates				3,129,332
Service charges				15,257,887
Investment revenue				1,270,010
Transfers recognised - operational				47,686,583
Other own revenue				21,966,053
Total revenue (excluding capital transfers and contributions)				**89,309,865**
Employee costs	-	-	-	(15,022,408)
Remuneration of councillors	(64,827)	-	(64,827)	(2,518,028)
Debt impairment	-	-	-	(14,310,946)
Depreciation and asset impairment	(164,314)	-	(164,314)	(7,578,680)
Finance charges	-	-	-	(164,313)
Materials and bulk purchases	-	-	-	(7,487,051)
Lease rental	(75,240)	-	(75,240)	(32,405,416)
Other expenditure	(14,789,821)	-	(14,789,821)	(21,912,644)
Total expenditure	**(15,094,202)**	**-**	**(15,094,202)**	**(101,399,486)**
Surplus/(Deficit)				**(12,089,621)**
Surplus/(Deficit) for the year				**(12,089,621)**

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2017

30 June 2017

Description	Asset Code	Historical cost									Accumulated Depreciation / Impairment							Carrying Value
		Opening Balance	Changes in Balances	New Balance	Additions	Transfers	Write-offs	Under construction Additions	Under construction Transfers	Closing Balance	Opening Balance	Changes in Balances	New Balance	Depreciation	Transfers	Write-offs	Closing Balance	
		R			R	R	R			R	R			R	R	R	R	R
Land and Buildings																		
Land (Erven)		25,929,920	-	25,929,920	-		-			25,929,920	-	-	-	-	-	-	-	25,929,920.00
Land (Facilities)		11,913,796	-	11,913,796	-		-			11,913,796	-	-	-	-	-	-	-	11,913,796.00
Office and Other Buildings		9,547,883	-	9,547,883	-	-	-			9,547,883	(7,093,178)	-	(7,093,178)	(215,848)	-	-	(7,309,026)	2 238,856.08
		47,391,599	-	47,391,599	-	-	-	-	-	47,391,599	(7,093,178)	-	(7,093,178)	(215,848)	-	-	(7,309,026)	40,082,573
Infrastructure																		
Electricity:																		
Supply network		8,237,767	-	8,237,767	-	-	-		-	8,237,767	(5,986,696)	-	(5,986,696)	(180,871)	-	-	(6,167,567)	2,070,200
Roads:																		
Roads network		26,302,385	-	26,302,385	-	-	-		-	26,302,385	(11,475,662)	-	(11,475,662)	(660,200)	-	-	(12,135,862)	14,166,523
Stormwater network		94,450,216	-	94,450,216	-	-	-		-	94,450,216	(52,984,613)	-	(52,984,613)	(3,228,274)	-	-	(56,212,886)	38,237,330
Sanitation:																		
Sanitation network		28,982,546	-	28,982,546	-	-	-		-	28,982,546	(16,384,033)	-	(16,384,033)	(784,945)	-	-	(17,168,978)	11,813,568
Water:																		
Supply network		28,008,954	-	28,008,954	59,039	-	(67,838)			28,000,154	(13,456,755)	-	(13,456,755)	(591,723)		37,097	(14,011,381)	13,988,773
		185,981,869	-	185,981,869	59,039	-	(67,838)	-	-	185,973,069	(100,287,758)	-	(100,287,758)	(5,446,012)	-	37,097	(105,696,674)	80,276,395
Community Assets																		
Recreational Facilities:																		
Sport and recreation facilities		10,342,790	-	10,342,790	-	-	-		-	10,342,790	(5,125,397)	-	(5,125,397)	(326,471)	-	-	(5,451,868)	4,890,922
Community facilities		11,758,392	-	11,758,392	-	-	-		-	11,758,392	(8,202,489)	-	(8,202,489)	(273,588)	-	-	(8,476,077)	3,282,315
		22,101,182	-	22,101,182	-	-	-	-	-	22,101,182	(13,327,886)	-	(13,327,886)	(600,059)	-	-	(13,927,946)	8,173,236
Housing																		
Housing Schemes		2,955,500	-	2,955,500	-	-	-		-	2,955,500	(2,364,400)	-	(2,364,400)	(147,775)	-	-	(2,512,175)	443,325
		2,955,500	-	2,955,500	-	-	-	-	-	2,955,500	(2,364,400)	-	(2,364,400)	(147,775)	-	-	(2,512,175)	443,325
Furniture and Fittings:																		
Other Furniture		5,449,098	-	5,449,098	240,580	-	-			5,689,678	(3,487,595)	-	(3,487,595)	(560,850)	-	-	(4,048,445)	1,641,232.63
Motor Vehicles:																		
Motor Cars		4,184,792	-	4,184,792	-	-	-			4,184,792	(2,856,037)	-	(2,856,037)	(254,883)	-	-	(3,110,921)	1,073,871.81
Refuse site																		
Tip sites		3,862,304	-	3,862,304	1,898,626		-			5,760,930	(1,167,472)	-	(1,167,472)	(205,130)		-	(1,372,602)	4,408,328.53
		13,516,194	-	13,516,194	2,139,206	-	-	-	-	15,655,400	(7,511,104)	-	(7,511,104)	(1,020,863)	-	-	(8,531,967)	7,123,433
Total PPE (excl Capital WIP)		271,946,344	-	271,946,344	2,198,245	-	(67,838)	-	-	274,076,750	(130,584,326)	-	(130,584,326)	(7,430,558)	-	37,097	(137,977,788)	136,098,962